Transportation

Annual Report
2011-2012

Alberta

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Preface

Public Accounts 2011-12

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 21 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the consolidated financial statements of the province and *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

On October 12, 2011, the government announced new ministry structures. The 2011-12 ministry annual reports and financial statements have been prepared based on the October 12, 2011 ministry structure.

This annual report of the Ministry of Transportation contains the Minister's accountability statement, the audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **the financial statements of entities making up the Ministry including the Department of Transportation, and the Transportation Safety Board for which the Minister is responsible;**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.**

Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2012, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at June 14, 2012 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by

Honourable Ric McIver
Minister of Transportation

Minister's Message

The daily life of every Albertan is affected by our transportation network in one way or another.

Our staff clearly demonstrated their commitment to serving Albertans in 2011-12. As Minister of Transportation, I am proud of the Ministry's work to provide a safe, innovative, and sustainable transportation system, and to deliver a wide range of programs to support Alberta's communities.

Supporting Economic and Social Growth

Alberta's economic prosperity and quality of life requires an effective provincial highway network. The Ministry forged ahead with several major construction projects, which involved paving more than 1,230 kilometres of road, expanding key highways, and making continuous progress on the Edmonton and Calgary ring roads. Albertans benefited from reduced traffic congestion and increased road safety.

We enhanced the preservation of our infrastructure by improving existing road and weather information systems, and implementing new systems for highway maintenance planning and railroad crossing upgrades. This reduced maintenance costs across the Province and improved the value of our planning projects.

Alberta's growing communities also benefited from the Ministry's $2.79 million investment in high-load corridors, allowing businesses to safely increase their shipment volume. This key investment enabled heavy and over-sized loads to be successfully transported in and out of the Province.

We continued to improve strategic corridors such as the North-South Trade Corridor. Key evidence of this is the interchange on Highway 11A along Highway 2 and the expansion of Highway 43 through the Sturgeon Lake Cree First Nation community. Such development promotes safe movement for travellers and improves Alberta's competitiveness in the global marketplace.

Saving Lives

The safety of Albertans is always a priority. We continued to enhance traffic safety and reduce collisions on Alberta's roads. Our approach involves public education and awareness; community engagement; and legislation, such as the implementation of comprehensive distracted driving legislation and the introduction of increased penalties for impaired driving in 2011-12.

The Ministry continued to strive for excellence through improvements in vehicle and rail safety. We implemented systems to ensure that out-of-province vehicle inspections are carried out by certified technicians. We also enhanced profiles for commercial drivers and developed a safety management system for provincial railway regulations.

In addition, the Ministry worked with British Columbia and Saskatchewan to harmonize transportation standards, regulations and legislation across the three westernmost provinces. The provinces continued to implement the New West Partnership Agreement to improve interprovincial economic growth and safety.

Enhancing the Quality of Life in Alberta

Just as we recognize the importance of continuing to invest in transportation infrastructure to support Alberta's economic growth, we are equally aware of the need to protect the environment and maintain Albertans' high quality of life.

We are committed to a comprehensive road-rail-air-port-public transit transportation system that will reduce our environmental impact and support economic opportunities. In 2011-12, the Ministry provided $1.1 billion in capital grant funding to municipalities to help develop and preserve their capital infrastructure – including roads, public transit and water/wastewater facilities. This included GreenTRIP funding for public transit projects, which is allowing Albertans to travel in ways – and to places – they couldn't before.

In keeping with our commitment to the environment, the Ministry continued to rehabilitate the Carseland/Bow River Headworks system which will provide an irrigation water supply to nearly 237,000 acres of farmlands, towns, industry, recreation, and wildlife within the entire district.

To help keep pace with the expansion of Alberta's communities, the Ministry continued to implement a number of federal-provincial infrastructure agreements that fund highway construction projects and an integrated transportation system.

The Ministry achieved these and many other key initiatives to support safe communities, strengthen Alberta's growing economy and ensure the Province's future prosperity.

We will continue to provide grant funding support for municipal infrastructure, water and wastewater projects, and invest in Alberta's highways. We will also take practical measures to continue improving traffic safety on our roads for the benefit of Albertans.

Original signed by

Honourable Ric McIver
Minister of Transportation
June 14, 2012

Management's Responsibility for Reporting

The Ministry of Transportation includes the Department of Transportation and the Transportation Safety Board.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations, and policies.

Ministry business plans, annual reports, performance results, and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports, and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the Ministry rests with the Minister of Transportation. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- **Reliability** – information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.
- **Understandability** – the performance measure methodologies and results are presented clearly.
- **Comparability** – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- **Completeness** – goals, performance measures, and related targets match those included in the Ministry's Budget 2011.

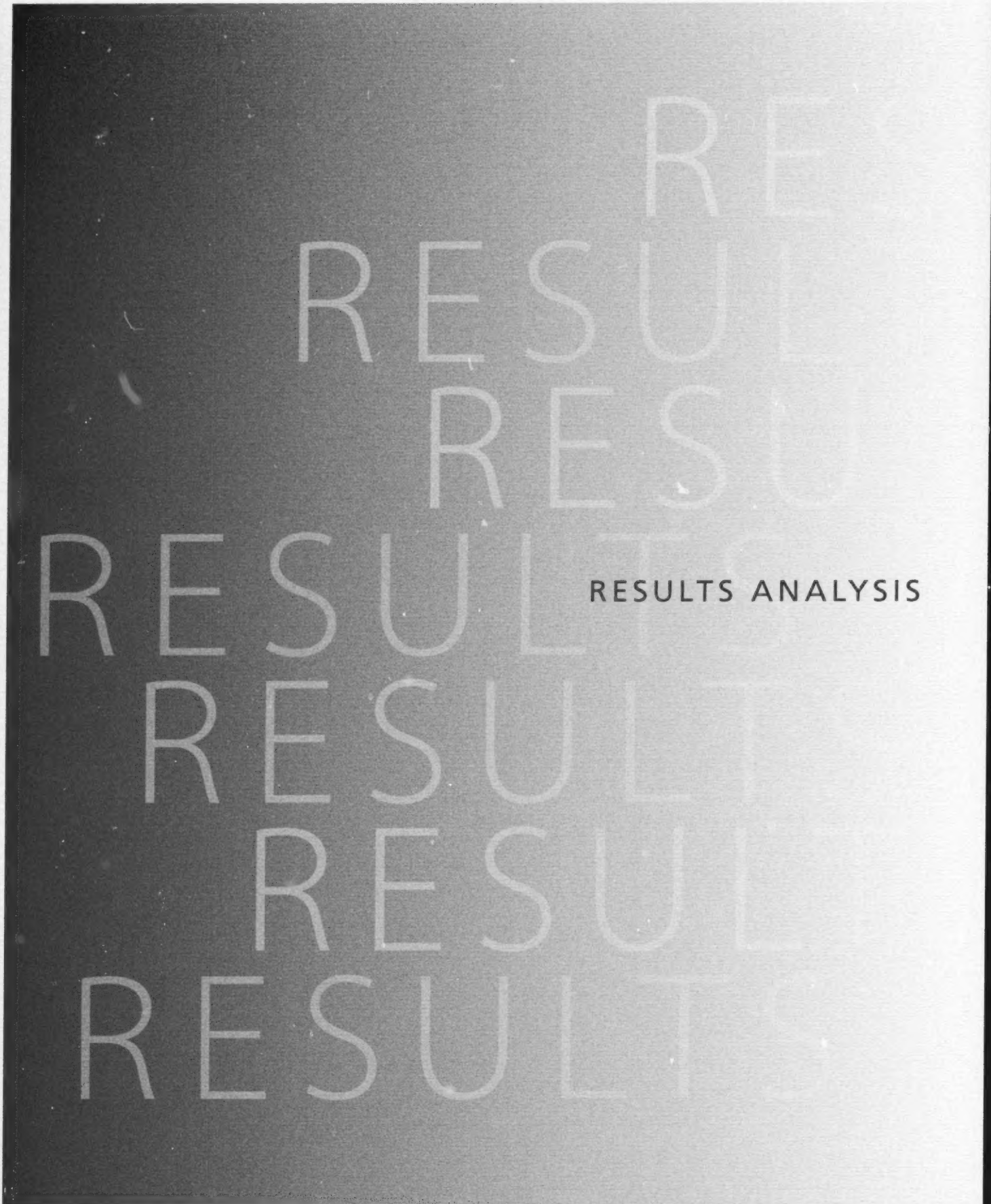
As Deputy Minister, in addition to program responsibilities, I am responsible for the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under Ministry administration;
- provide Executive Council, the President of Treasury Board and Minister of Finance, and the Minister of Transportation information needed to fulfill their responsibilities; and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

Original signed by

Tim Grant
Deputy Minister of Transportation
June 5, 2012


RESULTS ANALYSIS

MINISTRY OVERVIEW

Our Mandate

The Ministry of Transportation consists of the Department of Transportation and the Transportation Safety Board. The Department of Transportation:

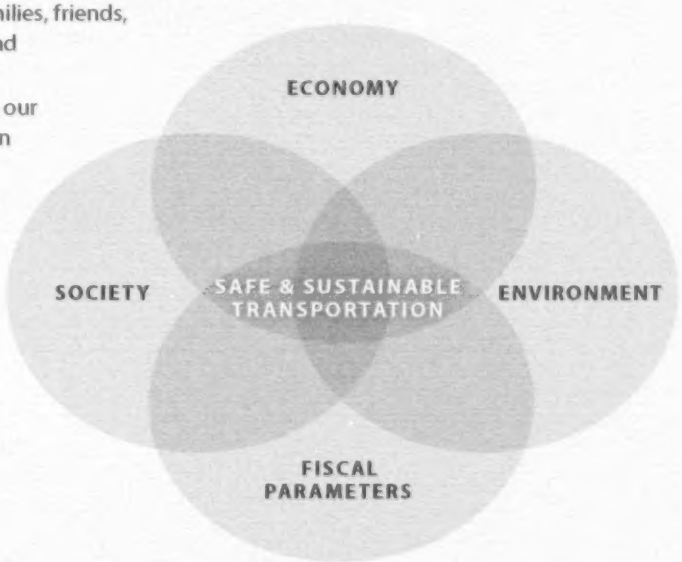
- Leads the development of a multi-modal (road-rail-air-port-public transit) transportation system for Alberta;
- Leads the planning, construction, and preservation of our provincial highway network to connect Alberta's communities, and to support the province's economic and social growth;
- Leads the Alberta Traffic Safety Plan and transportation safety services to reduce collisions, and promote safe drivers, vehicles, and roads;
- Manages provincial and federal grant programs to help municipalities develop and preserve their transportation systems and other priority infrastructure for Albertans;
- Designs, constructs, and maintains Alberta's water management infrastructure on behalf of Environment and Sustainable Resource Development; and
- Promotes Alberta's interests in a safe, innovative, and sustainable transportation system at all levels of government, national and international trade agreements, and regulatory harmonization.

Transportation for Albertans

Moving people, goods, and information to support the economy, society, and environment

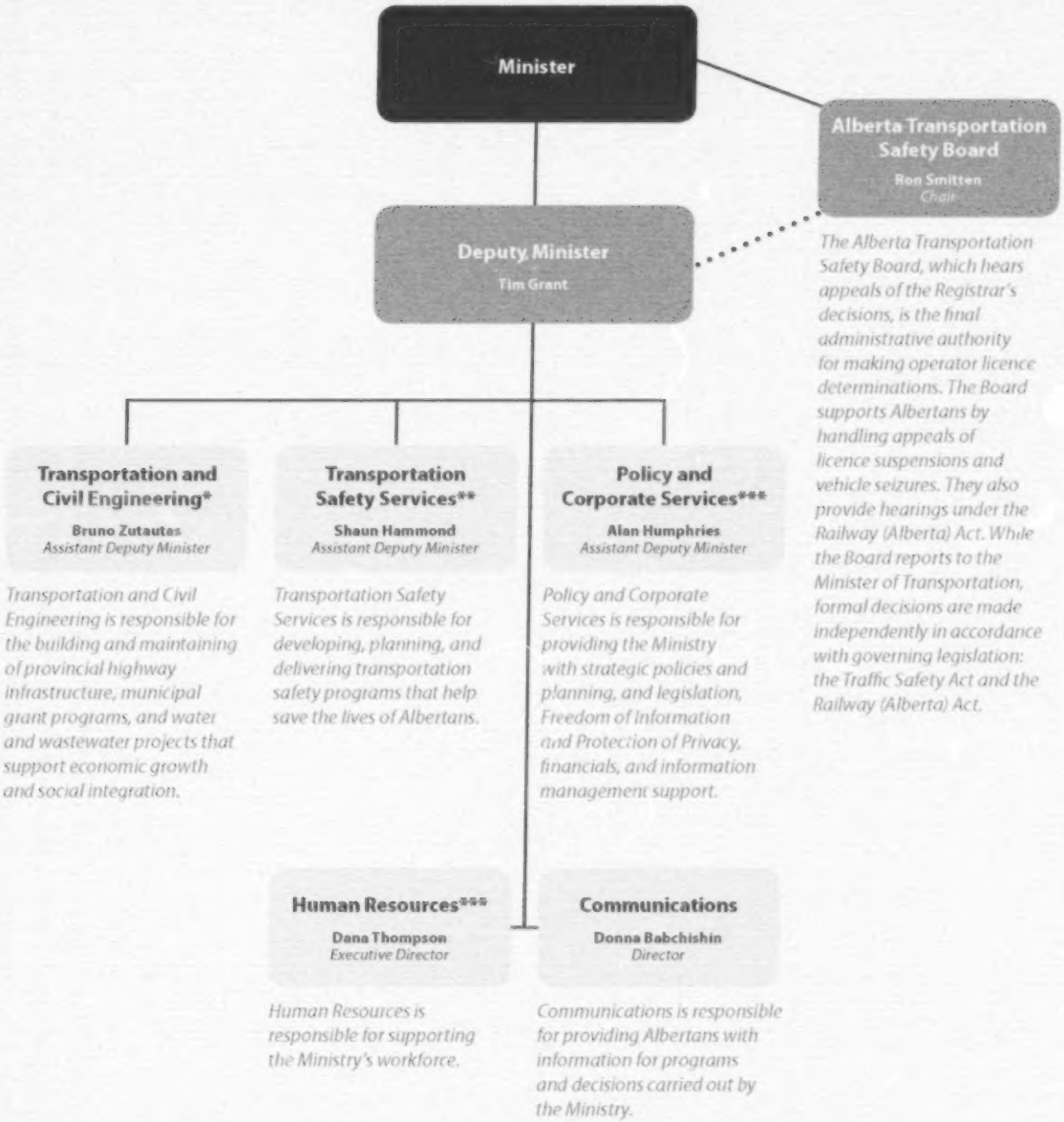
The Ministry plans, develops, and preserves a safe, affordable, and sustainable transportation system that supports Alberta's:

- **Economy:** connects Albertans to worldwide markets, and enables investment, business, industry, agriculture, tourism, and job creation;
- **Society:** connects Albertans to their families, friends, work, schools, health care, recreation, and communities across the province;
- **Environment:** supports quality of life in our communities by minimizing its impact on our land, water, and air; and
- **Fiscal Parameters:** must be world-class and at the same time affordable to the public and government.



ORGANIZATIONAL OVERVIEW

Ministry of Transportation Organization as of March 31, 2012



The Alberta Transportation Safety Board, which hears appeals of the Registrar's decisions, is the final administrative authority for making operator licence determinations. The Board supports Albertans by handling appeals of licence suspensions and vehicle seizures. They also provide hearings under the Railway (Alberta) Act. While the Board reports to the Minister of Transportation, formal decisions are made independently in accordance with governing legislation: the Traffic Safety Act and the Railway (Alberta) Act.

Transportation and Civil Engineering is responsible for the building and maintaining of provincial highway infrastructure, municipal grant programs, and water and wastewater projects that support economic growth and social integration.

Transportation Safety Services is responsible for developing, planning, and delivering transportation safety programs that help save the lives of Albertans.

Policy and Corporate Services is responsible for providing the Ministry with strategic policies and planning, and legislation, Freedom of Information and Protection of Privacy, financials, and information management support.

Human Resources is responsible for supporting the Ministry's workforce.

Communications is responsible for providing Albertans with information for programs and decisions carried out by the Ministry.

* Effective April 1, 2012 Transportation and Civil Engineering is split into two divisions: Regional Services and Technical and Program Services.
** Effective April 1, 2012 Transportation Safety Services is renamed Traffic Safety Services.
*** Policy and Corporate Services and Human Resources are shared services with the Ministry of Infrastructure.

OUR YEAR IN REVIEW

Looking back on the past year from April 2011 to March 2012, Alberta Transportation undertook a number of key projects and innovations. These projects and sustained efforts in traffic safety awareness continue to improve the efficiency and connectivity of the transportation system for Albertans.

April 2011	*The Ministry moved forward in implementing the most comprehensive distracted driving legislation in Canada to further improve traffic safety on Alberta's roads. These changes along with other strategies implemented as part of the Traffic Safety Plan have seen Alberta achieve a reduction in the number of traffic fatalities compared to previous years.*
June 2011	*Designs for a new interchange at Highway 1 and Cardiff Road near Morinville commenced to address the needs to improve access and safety due to increased traffic in the area.*
July 2011	*In partnership with counterparts in British Columbia and Saskatchewan, Alberta Transportation attained harmonized regulations related to commercial carriers to expand opportunities to transport goods to West Coast ports without compromising safety for travellers.*
August 2011	*The construction of a new bridge, to replace the westbound Highway 1 bridge over South Saskatchewan River in Medicine Hat, started. This project supports our communities and will sustain our continued economic growth.*
September 2011	*Together with local enforcement, community organizations, and educational presenters, a Traffic Safety Day with elementary students was held to focus on safe cycling this year. This annual event increases awareness of traffic safety amongst school aged children.*
October 2011	*The largest bridge deck in Alberta opened to traffic on October 26. Accommodating four lanes of traffic over the Athabasca River on Highway 63 in Fort McMurray, the bridge provides critical infrastructure to ease congestion and facilitate safe and efficient transportation in the region.*
November 2011	*Construction began on the Nose Hill Drive interchange, replacing the last set of lights on Stoney Trail in Calgary. Not only will the interchange improve the free flow of traffic on the ring road, it will also improve safety along that stretch of the ring road.*
December 2011	*Motorists in Edmonton celebrated the opening of the northwest leg of Anthony Henday Drive. Over 21 kilometres of the free flow freeway was made available through the largest ever public-private partnership investment in Alberta. At the same time, five interchanges along the Southwest stretch of the ring road were opened to traffic.*
January 2012	*A new advisory body was created to coordinate transportation planning in the oil sands region. With representation from municipal and provincial governments and industry, the Athabasca Oil Sands Area Transportation Coordinating Committee will guide the government on current and future transportation needs in the oil sands region.*
February 2012	*A new interchange at Dunmore Road and Highway 1, in Medicine Hat, was announced. The interchange will replace lights which will improve movement and safety, and use a design that minimizes the impact on nearby properties.*
March 2012	*The Government of Alberta outlined a comprehensive strategy for the release of Crown land for timely development of land for residential, commercial and industrial uses. This allowed Alberta Transportation to announce that the Parsons Creek interchange, in Fort McMurray, will be tendered this fall. The interchange is a key roadway link in the area, and will provide essential access to an anticipated 24,000 residents in the new Parsons Creek subdivision.*

Alberta Transportation continues to develop a multi-modal transportation network to support the sustainability of Alberta's economy environment, and communities. A number of Green Transit Incentive Program announcements were made this past year which provided transit funding assistance for 11 cities, towns, and counties.

PERFORMANCE MEASURES SUMMARY

Goals and Performance Measures		Prior Years' Results			Target	Current Actual
		2008-09	2009-10	2010-11	2011-12	2011-12
Goal 1: *Alberta's provincial highway network connects communities and supports economic and social growth*						
‡ **Measure 1.a:** Physical condition of provincial highways.	Good	58.6%	58.1%	58.4%	56.0%	58.6%
	Fair	26.3%	26.8%	26.7%	27.5%	26.8%
	Poor	15.1%	15.1%	14.9%	16.5%	14.6%
Goal 2: *Alberta has the safest road system in Canada*						
Measure 2.a: Combined fatal and major injury collision rates per 100,000 population.		88.8	80.8	75.3	71.9	70.5
Goal 3: *Alberta has a well-connected road-rail-air-port transportation system that supports economic opportunities and the quality of life in all communities*						
Measure 3.a: Client Satisfaction Survey: Percentage of municipal clients satisfied with overall quality of service.*		N/A	95.0%	N/A	N/A	N/A

For more detailed information see Performance Measure Methodology section Appendix A.

‡ Indicates Performance Measures that have been audited by the Office of the Auditor General as included in *Measuring Up 2011-12* under goal 5.

* As stated in the 2011-14 Business Plan, there was no target for 2011-12. Source: 2009-10 Client Satisfaction Survey.

DISCUSSION AND ANALYSIS OF RESULTS

Developing and Preserving the Provincial Highway Network

Goal One: Alberta's provincial highway network connects communities and supports economic and social growth

The Ministry continues to strengthen the provincial highway network through the funding and development of transportation infrastructure to ensure smooth travel for Albertans. In 2011-12 Alberta's transportation network was improved by:

1. The continued construction of the Calgary and Edmonton ring roads;
2. Further development of economic trade corridors;
3. Strategic investment in highways and bridges; and
4. Adopting innovative technologies.

With the following progress, the Province enables Albertans to get home safely, to work or school on time, and to get our products to market more effectively.

Our provincial highway network is vital in connecting Albertans to each other and to valuable opportunities in regional and global markets. The Ministry moved forward in the planning, construction, and preservation of the highway network to expand the capacity of the transportation system and enhance Alberta's economy and quality of life. As Alberta continues to grow, investment ensures that our highway infrastructure network remains modern, efficient, and safe.

Advanced strategic routes to connect Albertans to opportunities and each other

During the year, the Ministry continued with the planning, design, and construction of ring roads in Calgary and Edmonton. This has relieved congestion, enabled drivers to experience the benefit of free flow travel, and provided essential transportation links to our urban centres.

Through a $242 million investment, progress this year on the ring road in Calgary provided key transportation infrastructure that will promote long-term economic growth in the region. Construction was completed on the Crowchild Trail interchange, which provided enhanced safety and traffic flow. Work continued for Stoney Trail along the Southeast segment and the last remaining Nose Hill Drive intersection. The project includes a new southbound bridge to carry Stoney Trail over the Canadian Pacific Rail track, and will bring free flow travel to the ring road upon its completion in fall 2013.

A public-private partnership was announced in 2010 to begin construction on the Southeast segment of Calgary's Stoney Trail.

Motorists travelling around Edmonton now have access to 69 kilometres of completely free flow travel on Anthony Henday Drive, with the completion of the Northwest segment, as well as the five interchanges at Stony Plain Road, Callingwood Road, Lessard Road, Cameron Heights, and Rabbit Hill Road that have replaced the last remaining lights and intersections on the freeway. Expenditures totalled $274 million for the year.

There are over 40,000 motorists that travel Edmonton's ring road everyday that will now experience the benefits of free flow travel.

The final traffic light, located at Cameron Heights, was removed November 16, marking a major milestone as 90 per cent of the ring road is now open. Work will commence in summer 2012 on the final ring road segment of the Northeast Anthony Henday Drive, as a Request for Proposals was issued in May 2011 to select a proponent for construction. Alberta Transportation took an innovative approach to completing the Stony Plain Road interchange by combining the design and construction of the project into one contract, bringing significant cost savings for taxpayers.

The Ministry continued to invest in projects that expand key economic trade corridors. The North-South Trade Corridor forms vital links for Alberta, connecting to strategic transportation routes as it runs from the Alaska Highway to the United States, extending onward to Mexico. $87 million in projects were completed on a climbing lane north of Red Deer and an interchange on Highway 11A. As interchanges are considered the safest and most efficient way to enter or exit a highway, the projects lead to better travel times and safer movement along Highway 2.

On average, interchanges reduce collisions by 45 per cent and eliminate t-bone and head-on collisions.

The essential east-west route provided by Highway 43 was also expanded through the Sturgeon Lake First Nation community. As these foundational corridors continue to grow, they provide valuable support to Alberta's economic prosperity and competitiveness in continental and global marketplaces.

Forged ahead to strengthen Alberta's highway transportation network

Together with strategic placement and a $342 million investment in major capital projects the Ministry continued to develop and enhance the highway network across the province, bringing improvements that help support economic mobility and strengthen connections between our communities.

Over 1,230 kilometres of highway was paved, including Highway 1 and Highway 41 near Lethbridge, and Highway 49 in the Peace Region.

Construction proceeded on the North Saskatchewan River Bridge on Highway 22 near Drayton Valley and the South Saskatchewan River Bridge on Highway 1 by Medicine Hat, while the bridge structure that crossed the Tawatinaw River on Highway 55 was removed and replaced. Alberta's largest bridge deck opened this year, covering an area equal to five football fields.

The five lanes wide bridge on Highway 63 over the Athabasca River cost $127 million and expands the movement of goods from the oil sands.

This has supported the region's unique economic and infrastructure needs and the importance of the oil sands to Alberta's economy.

Facilitating the smooth flow of traffic, highway twinning, expansions, and interchanges took place across the Province, including:

- Highway 1A near Lethbridge expansion;
- Highway 2A by Red Deer expansion;
- Highway 63 both north and south of Fort McMurray twinning; and
- The Confederation Way interchange.

To advance the efficient movement of goods and services in our commodity-based economy, the Ministry continued to invest in its high-load corridors. This enhanced movement for business and industry contributes to Alberta's economic growth and prosperity. Within the past year, $2.79 million was spent completing Highway 881 in conjunction with Highway 55 and 663. These designated highways allow the industry to increase their loads, reduce travel costs, and provide a safer route for over-sized loads.

Innovative approaches preserved Alberta's transportation infrastructure

The Province adopted new and innovative approaches to better maintain and preserve our transportation infrastructure. The innovations provided advanced ways to manage highway conditions and improved mobility for travellers, leading to significant cost savings for Albertans.

The Road Weather Information System and Dynamic Message Sign Network were expanded by adding 36 automated weather stations to the existing 75 at major roadway sites. The nearly 50 per cent increase in stations provided more comprehensive coverage across the Province, enabling the system to report more precise and timely information to use for undertaking highway maintenance. The expansion also allows Albertans access to direct picture views of actual, real-time highway conditions, giving travellers an effective tool toward planning their road trips.

The Ministry is planning for a 2013 implementation of the new Maintenance Decision Support System which will help in proactive planning for winter highway maintenance. It will take real-time forecasts and provide accurate recommendations for maintenance, resulting in increased cost-efficiency and responsiveness.

The Rail Crossing Information Application was developed to meet the new Transport Canada regulations for the inspection and upgrading of highway rail crossings. This management support system coordinates schedules for inspections and identifies deficiencies at multiple crossings, allowing for the synchronization of future needs with existing maintenance projects. This new application improves the safety and efficiency of maintenance for the over 350 railway crossings on Alberta highways. Implementation is planned for 2012.

In collaboration with industry partners, new material testing specifications were developed to improve the quality of highway line marking. The new approach resulted in longer durability for highway line marking to reduce the cost of maintenance, providing better guidance for drivers.

Measure 1.a – Physical Condition of Provincial Highways

Description

This measure represents the percentage of the paved highway network that is in *good, fair,* or *poor* condition. The International Roughness Index is used to measure the roughness of roads and to categorize overall physical condition. The segments in poor and fair condition are those that require attention now or in the future.

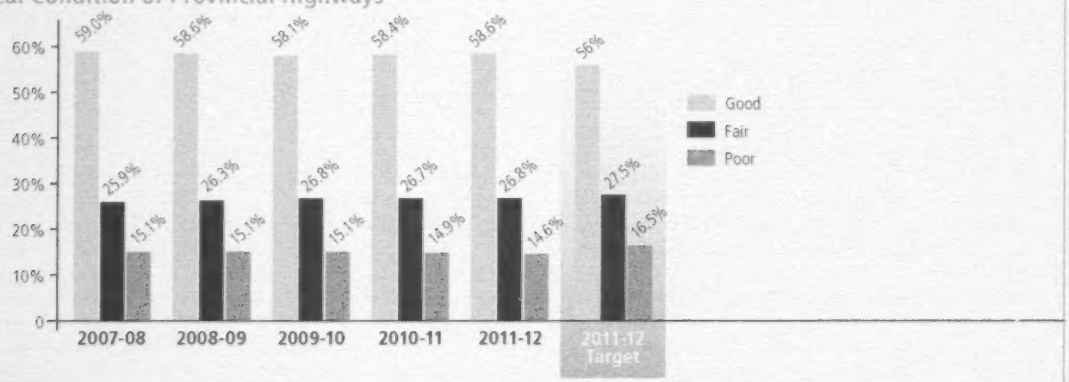
Rationale

The measure is used to assess and sustain the quality of the paved highway network, in support of safe and proficient movement of commuter, business, commercial, and pleasure traffic. The preservation of pavement quality through regular rehabilitation reduces the total life cycle cost of the highway system, improving return on investment for Albertans (see Appendix A on page 59).

Results

In 2011-12, 58.6 per cent of the paved highways were in good condition compared to the target of 56 per cent; 26.8 per cent of the paved highways were in fair condition compared to the target of 27.5 per cent; 14.6 per cent of the paved highways were in poor condition compared to the target of 16.5 per cent. The government recognizes that the provincial highway system is critical to the economic prosperity and social growth of the Province. Therefore, the government continued to invest in highway repaving and innovative solutions to maintain the percentage of highways in safe, good, and fair condition under severe weather conditions and increased traffic flows.

Physical Condition of Provincial Highways



Managing Provincial Transportation Safety

Goal Two: Alberta has the safest road system in Canada

The Ministry continues to build on traffic safety awareness and education, regulations and policies, and partnerships that, together, create a safer road system in Alberta. In 2011-12, safety on Alberta's roads was enhanced by:

1. The continued development of the Alberta Traffic Safety Plan;
2. Implementing the *Traffic Safety (Distracted Driving) Amendment Act*, 2010;
3. Introducing the *Traffic Safety Amendment Act*, 2011;
4. Providing investigations and tools that inspect mechanics and shops for out-of-province vehicles;
5. Implementing the Commercial Driver Abstract;
6. The continued development of the Transportation Routing and Vehicle Information System Multi-Jurisdiction Permitting System; and
7. Executing deliverables that were organized by the New West Partnership.

With the following enhancements, the Province was able to reduce fatalities and major injuries, proactively prevent accidents, impose accurate out-of-province vehicle inspections, and harmonize safety standards, regulations, and legislations across the Western provinces.

Alberta's highway network continues to be the pillar that supports the Province's economic growth and social integration. Within this structure, traffic safety plays an integral role to protecting the lives of Albertans. Reducing and preventing collisions, injuries, and fatalities continues to be a Ministry priority in keeping Albertans safe on its roads.

Protecting the Lives of Albertans on Provincial Roads

The Ministry continues to develop and implement the Alberta Traffic Safety Plan 2011-15. Strategies outlined in the plan have contributed to the decrease in traffic fatalities and serious traffic injuries. As part of the Alberta Traffic Safety Plan, the Ministry continues to raise awareness and educate drivers through the Community Mobilization Strategy and the Aboriginal Traffic Safety Strategy to strengthen safety on Alberta's roads through community-led initiatives.

Additionally, the *Traffic Safety (Distracted Driving) Amendment Act*, 2010 and the *Distracted Driving Regulation* came into force on September 1, 2011 to help reduce avoidable collisions. This legislation encourages drivers to focus on driving while operating a vehicle and eliminate distractions.

On December 6, 2011, Bill 26, the *Traffic Safety Amendment Act*, 2011 under the Provincial Strategy to Reduce Impaired Driving was passed in the Alberta Legislature. This new legislation is a cross-government initiative with Alberta Justice and Attorney General, and Alberta Solicitor General and Public Security that brought into effect stronger sanctions for drinking drivers to reduce the number of impaired drivers in the Province. Ultimately this legislation will reduce fatalities and injuries on Alberta roads.

In conjunction with the recent changes to Alberta's traffic safety legislations and regulations, the Ministry undertook a variety of updates with the operator handbook series. These revisions have harmonized the driver's educational booklets to reflect the current traffic safety practices and will provide education and awareness about the new rules of traffic safety.

Preventing Dangerous Transportation

Vehicle, rail, and commercial vehicle safety is important as it further protects the public from hazardous transportation uses.

The Ministry continues to improve vehicle safety in Alberta by establishing the Mystery Shopper as a permanent investigative tool that examines the quality and integrity of inspections performed by technicians in the Out-of-Province Vehicle Inspection Program. This ensures that the vehicles on the road comply with Alberta standards.

Furthermore, to reduce public risk, the Ministry implemented Technician Competency Testing in the Progressive Discipline Program. This test examines a technician's knowledge and skills to complete provincially licensed inspections.

A total of 185,314 permits with a value of $23 million were issued using the Transportation Routing and Vehicle Information System.

Together with Service Alberta, the Ministry implemented the Commercial Driver Abstract which enhances an employer's ability to assess safety risks associated with a driver prior to hiring. In addition, this abstract adds information of a driver's convictions for National Safety Code violations and Commercial Vehicle Safety Alliance Inspections. This abstract will prevent dangerous drivers from driving commercial vehicles.

The Ministry continues to develop the Transportation Routing and Vehicle Information System which benefits road authorities and industry by simplifying the application process, providing information on provincial highways and road rules, and protecting vehicles and infrastructure by calculating their dimensions and capacities.

Rail safety was improved through the development of a Safety Management System which ensures the sustainability of safe public, industrial, and heritage railway operations in Alberta by helping railway operators understand the railway regulations governing their operation. This will decrease the possibility of misinformation.

Partnerships in Traffic Safety

To provide Albertans with consistency in traffic safety, the New West Partnership Agreement was established as an accord between the Governments of British Columbia, Alberta, and Saskatchewan that harmonizes transportation standards, regulation, and legislation. Through this partnership, Alberta has agreed to avoid measures that operate to restrict or impair trade, reconcile unnecessary differences, show equality and transparency, and commit to the implementation. Over the course of the year, the Ministry has implemented change for 16 deliverables that will strengthen the economic growth and safety of transportation in Alberta.

Measure 2.a – Combined fatal and major injury collision rates per 100,000 population

Description

Represents the three-year rolling average number of combined fatal and major injury collisions as a rate per 100,000 population.

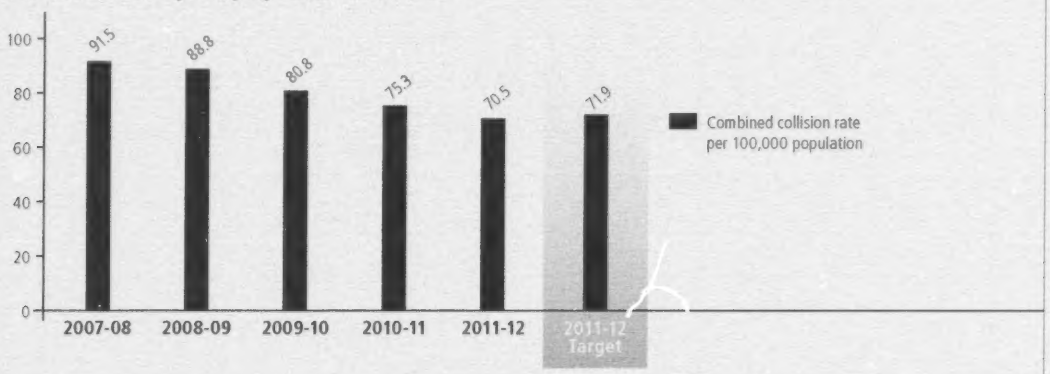
Rationale

To monitor efforts to reduce the number of fatalities and major injuries on Alberta's roads, the Ministry monitors the combined fatal and major injury collision rate per 100,000 population (see Appendix A on page 59)

Results

During the 2011-12 reporting period, there were 2,538 fatal and major injury collisions reported in the Province of Alberta. The combined collision rate per 100,000 population was 70.5, surpassing the target by 1.4%.

Combined Fatal and Major Injury Collision Rates



Developing Partnerships to Support Alberta's Interests in an Integrated Transportation System

Goal Three: Alberta has a well-connected road-rail-air-port transportation system that supports economic opportunities and the quality of life in all communities

A transportation system is important for Alberta's economic growth and social integration. In 2011-12 the Ministry enhanced its system by:

1. Continuously supporting transportation projects in municipalities;
2. Implementing the Bus Modernization framework;
3. Framing the development of a long-term transportation strategy; and
4. Hosting the Transportation Association of Canada's Conference.

With the following enhancements, the Province was able to improve municipal transit systems, support a competitive intra-provincial bussing industry, decrease greenhouse gas emissions and road congestion, and support a cross-nation transportation vision for all of Canada.

Albertans rely on the transportation system to access local and international markets for investment, business, industry, and tourism. To ensure that it is as effective as possible, the Ministry worked with municipal, federal, and industry partners to develop a multi-modal system that supports Alberta's economic opportunities and our quality of life.

Expanded transportation planning, coordination, and development

Over the past year, the Ministry provided funding for numerous public transit projects through the Municipal Grant Program, supporting municipalities in developing and maintaining their transportation infrastructure and promoting economic growth and mobility.

The funding allows municipalities to address their local transportation needs through a streamlined application and distribution process under the Basic Municipal Transportation Grant Program and the Street Improvement Program.

Numerous projects were funded by the Strategic Transportation Initiative Program, such as the paving of Wolf Lake Road in Bonnyville and the upgrading of the Stettler Airport.

Public transit was further developed through the Green Transit Initiatives Program. The Green Transit Incentive Program (GreenTRIP) supported the municipal development of public transit which is allowing Albertans to travel in ways – and to places – they couldn't before. This program is a perfect example of government's partnership with municipalities for the benefit of residents and Albertans in general. This $2 billion capital funding program supports public transit infrastructure projects including:

- $497 million for the expansion of Edmonton's Light Rail Transit system from downtown Churchill Station to Grant MacEwan University and NAIT.
- $13.6 million for a new park and ride transit terminal in Strathcona County.
- Over $16 million to Grande Prairie, Airdrie, Red Deer, Banff, and Canmore for new public transit buses.
- $109,000 for improvements to bus shelters and other public transit infrastructure in the Town of Hinton.
- $35.9 million for the purchase of new buses and to build a transit vehicle maintenance facility in Fort McMurray and the Regional Municipality of Wood Buffalo.

Measure 3.a – Client Satisfaction Survey – Municipal Quality of Services

Description

The measure represents the percentage of municipal partners satisfied with the overall quality of services provided by the Ministry in the administration of grant programs. Respondents rate their satisfaction on a scale of 1 to 6 (1 being very unsatisfied and 6 being very satisfied). Results include all those clients who indicated they were "somewhat satisfied", "satisfied", or "very satisfied". The survey is administered every two years to allow the Ministry sufficient time to develop and implement strategies that address survey findings.

Rationale

The Ministry is committed to service excellence and strives to foster an environment where partners consistently experience positive outcomes when interacting with the Ministry. Results of the survey allow the Ministry to continually improve its services to municipalities (see Appendix A on page 59).

Results

	Prior Years' Results			Target	Current Actual
	2008-09	2009-10	2010-11	2011-12	2011-12
Measure 3.a: Client Satisfaction Survey: Percentage of municipal clients satisfied with overall quality of service.*	N/A	95.0%	N/A	N/A	N/A

* As stated in the 2011-14 Business Plan, there was no target for 2011-12. Source: 2009-10 Client Satisfaction Survey.

- Nearly $15 million for the purchase of hybrid and double-decker buses, the construction of new transit terminals and maintenance facilities, and the installation of GPS on transit buses in Lethbridge, Medicine Hat, and Cochrane.

In the 2011-12 fiscal year, over $293 million was provided to municipalities through the Basic Municipal Transportation Grant Program.

These projects resulted in increased transit ridership and decreased road congestion and greenhouse gas emissions.

Alberta's bus industry was the first in North America to be modernized under a new framework, implemented in October 2011. This framework makes it easier for new companies to enter the bus industry, supporting Alberta's economy by enabling entrepreneurs to provide new and more competitive bus services for Albertans. As a result, bus services have expanded to more communities, schedules have become more flexible, and bus quality and rates have improved.

The Ministry also collaborated with other Ministries to begin framing the development of a long-term transportation strategy that will focus on improving the safety of Albertans and provide opportunities for multi-modal transportation. To date, the Ministry has laid the groundwork for this road-rail-air-port public transit system which will drive environmental sustainability, economic, and social growth of Alberta.

Supported growth with the strategic development of transportation infrastructure

The Ministry collaborated with federal partners to develop and implement several federal-provincial infrastructure agreements including the:

- Building Canada Fund: Major Infrastructure Component
- Canada Strategic Infrastructure Fund
- Infrastructure Stimulus Fund

These agreements helped fund highway construction projects within the past year, and helped work towards integrating Alberta's transportation system with the national system.

In September 2011, Alberta had the honour of hosting the largest annual gathering of highway transportation professionals in Canada, the Transportation Association of Canada Conference. Transportation professionals from across the country came together to discuss our transportation environment and to plan transportation projects in order to promote safe, efficient, and environmentally and financially sustainable transportation services that support Canada's social and economic goals.

Additionally, Alberta is participating with its national counterparts in order to create a national vision that will support our collective goal of an efficient, effective, well-integrated national transportation system.

EXPENSE BY FUNCTION

Transportation's 2011-12 expenses can be classified into five of the Government of Alberta's expense functions. Each of these functions identifies the principal purpose for which Ministry expenditures are incurred. Overall, approximately 96 per cent of the Ministry's expenditures support the function of Transportation, Communications, and Utilities.

Ministry of Transportation
Expense by Function for the year ended March 31, 2012
(in thousands)

	2011-12 Budget	2011-12 Actual	2010-11 Comparable
			(Restated)
Transportation, Communications and Utilities	$ 1,890,127	$ 1,932,145	$ 1,834,844
Protection of Persons and Property	28,938	28,885	27,535
Environment	1,500	1,881	1,171
Agriculture, Resource Management and Economic Development	31,000	19,695	16,102
Debt Servicing Costs	40,521	40,531	24,810
Total Ministry Expenditures	**$ 1,992,086**	**$ 2,023,137**	**$ 1,904,462**

Financial Resources

Ministry of Transportation
Expense by Core Business for the year ended March 31, 2012
(in thousands)

Original Budget (Estimates)	**$ 1,992,086**
Total Authorized Budget	**$ 2,054,499**
Actual Spending in 2011-12	**$ 2,023,137**

Overall, the total 2011-12 expenditures were higher than the original budget by $31 million. This was primarily due to grant projects progressing faster than anticipated.

EXPENSE BY CORE BUSINESS

Developing and preserving the provincial highway network.

Approximately $830 million was spent including:

- $341 million for provincial highway maintenance and preservation; and
- $372 million on amortization.

Managing provincial transportation safety.

Approximately $66 million was spent including:

- $29 million for Provincial Highway Systems;
- $27 million for Transportation Safety Services; and
- $10 million for operational support and the Transportation Safety Board.

Developing partnerships to support Alberta's interests in an integrated transportation system.

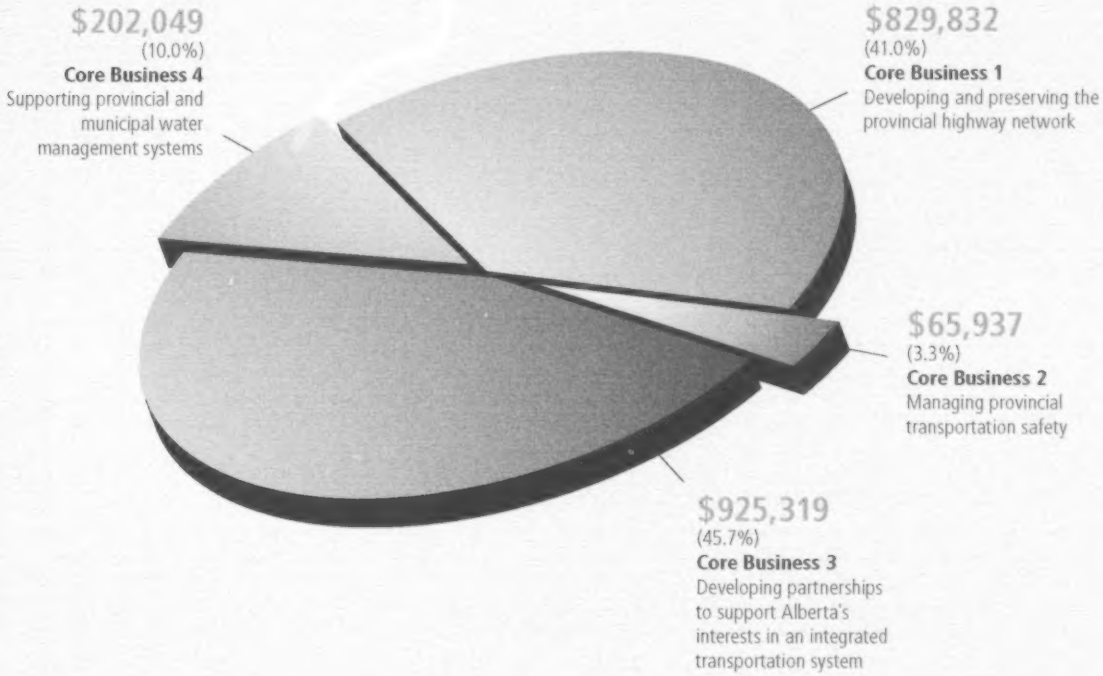
Approximately $925 million was spent for grants including:

- $293 million for the Basic Municipal Transportation Grant;
- $200 million for the Green Transit Incentives Program (GreenTRIP); and
- $199 million for the Building Canada – Gas Tax Fund.

Supporting provincial and municipal water management systems.

Approximately $202 million was spent on the Municipal Water Wastewater Program / Water for Life.

Alberta Transportation 2011-12 Ministry Spending by Core Business (Expense)
(in thousands)



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Independent Auditor's Report

To the Members of the Legislative Assembly

AUDITOR GENERAL *Alberta*

Report on the Financial Statements

I have audited the accompanying financial statements of the Ministry of Transportation, which comprise the statement of financial position as at March 31, 2012, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ministry of Transportation as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 5, 2012

Edmonton, Alberta

MINISTRY OF TRANSPORTATION
STATEMENT OF OPERATIONS
Year ended March 31, 2012

	2012 Budget (Schedule 4)	2012 Actual	2011 Actual (Restated Note 3)
		(in thousands)	
Revenues (Schedule 1)			
Transfers from Government of Canada (Note 7)	$ 399,103	$ 417,481	$ 577,215
Fees, Permits and Licenses	16,340	25,476	21,750
Other Revenue	7,940	35,600	57,822
	423,383	478,557	656,787
Expenses - Directly Incurred (Note 2(b) and Schedule 9)			
Program (Schedules 3 and 5)			
Ministry Support Services	27,267	26,972	25,121
Provincial Highway Systems and Safety	844,816	809,600	752,537
Municipal Support	1,045,940	1,118,224	1,071,858
Other Programs and Services	33,542	27,810	30,136
Debt Servicing Costs (Note 8)	40,521	40,531	24,810
	1,992,086	2,023,137	1,904,462
Net Operating Results	$ (1,568,703)	$ (1,544,580)	$ (1,247,675)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF TRANSPORTATION
STATEMENT OF FINANCIAL POSITION
As at March 31, 2012

	2012	2011 (Restated Note 3)
	(in thousands)	
ASSETS		
Cash and Cash Equivalents	$ 354	$ 333
Accounts Receivable (Note 4)	222,784	466,261
Advances	15	24
Inventories	16,849	11,920
Tangible Assets Held for Transfer (Note 5)	174,616	154,160
Tangible Capital Assets (Note 6)	14,441,569	13,332,002
	$ 14,856,187	$ 13,964,700
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 212,335	$ 510,513
Holdbacks Payable	52,447	57,193
Unearned Revenue	22,106	25,484
Liabilities under Public Private Partnerships (Note 8)	1,385,026	1,230,065
Liabilities for Future Site Remediation and Reclamation (Note 2(b))	3,963	4,510
	$ 1,675,877	$ 1,827,765
NET ASSETS		
Net Assets at Beginning of Year, as restated (Note 3)	$ 12,136,935	$ 11,166,108
Acquisition of Highways (Note 6(a))	-	22,463
Net Operating Results	(1,544,580)	(1,247,675)
Net Financing Provided from General Revenues	2,587,955	2,196,039
Net Assets at End of Year	13,180,310	12,136,935
	$ 14,856,187	$ 13,964,700

Contractual obligations and contingent liabilities (Notes 9 and 10)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF TRANSPORTATION
STATEMENT OF CASH FLOWS
Year ended March 31, 2012

	2012	2011
		(Restated Note 3)
	(in thousands)	
Operating Transactions		
Net Operating Results	$ (1,544,580)	$ (1,247,675)
Non-cash items included in Net Operating Results:		
Amortization of Capital Assets and Consumption of Inventory	409,653	375,580
Gain on Disposal of Tangible Capital Assets	(202)	(783)
Non-Cash Adjustment	170	270
Donated and Contributed Tangible Capital Assets	(6,673)	(20,721)
Valuation Adjustments	49	(1,279)
	(1,141,583)	(894,608)
(Increase) Decrease in Accounts Receivable	243,461	(231,229)
Decrease in Advances	9	5
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(298,757)	178,454
Increase (Decrease) in Holdbacks Payable	(4,746)	13,640
Increase (Decrease) in Unearned Revenue	(3,378)	23,491
Cash Applied to Operating Transactions	(1,204,994)	(910,247)
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,329,696)	(1,245,478)
Purchase of Inventories	(43,174)	(35,048)
Transfer of Tangible Capital Assets to Other Government Entities (a)	2,814	2,945
Proceeds on Disposal/Sale of Tangible Capital Assets	635	101
Cash Applied to Capital and Inventory Transactions	(1,369,421)	(1,277,480)
Financing Transactions		
Repayment of Liabilities under Public Private Partnerships	(13,519)	(8,291)
Net Financing Provided from General Revenues	2,587,955	2,196,039
Cash Provided by Financing Transactions	2,574,436	2,187,748
Increase in Cash and Cash Equivalents	21	21
Cash and Cash Equivalents at Beginning of Year	333	312
Cash and Cash Equivalents at End of Year	$ 354	$ 333

(a) Capital asset book value of $2.314 Million and $0.500 Million were transferred to the Department of Environment and Sustainable Resource Development and Infrastructure, respectively.

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 AUTHORITY

The Ministry of Transportation (the Ministry) operates under the authority of the Government Organization Act, Chapter G-10, Revised Statutes of Alberta 2000.

The Minister of Transportation (the Minister) is responsible for the Department of Transportation and the Transportation Safety Board through:

- leading the planning, construction and preservation of our provincial highway network to connect Alberta's communities and to support the Province's economic and social growth;
- leading the Alberta Traffic Safety Plan and transportation safety services to reduce collisions and promote safe drivers, vehicles and roads;
- managing provincial and federal grant programs to help municipalities develop and preserve their transportation systems and other priority infrastructure for Albertans;
- designing, constructing and maintaining Alberta's water management infrastructure on behalf of the Ministry of Environment; and
- promoting Alberta's interests in a safe, sustainable road-rail-air-port transportation system at all levels of government, national and international trade agreements and regulatory harmonization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Ministry of Transportation for which the Minister of Transportation is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing Provided from (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return. Internal government transfers are recognized as revenue when received.

Transfers from Government of Canada

Transfers from the Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made. Payments received in excess of the estimated amounts applicable to the fiscal year are deferred and included in unearned revenue. Externally restricted revenue is recognized as revenue in the period in which the resources are used for the purpose specified. Payments received prior to meeting this criterion are included in unearned revenue until the resources are used for the purpose specified. Payments due to be received where revenue recognition criteria has been met are included in accounts receivable.

Credit or Recovery

Credit or recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the Ministry may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the Ministry's credit or recovery initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) Basis of Financial Reporting (continued)

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs, which are the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.
- government transfers which are transfers of money to an individual, an organization or another government for which the Ministry does not receive any goods or services directly in return. The major types of transfers and corresponding recognition criteria are as follows:
  - grants are recognized as expenses when authorized, eligibility criteria, if any are met and a reasonable estimate of the amounts can be made;
  - entitlements, which are non-discretionary because the amounts and recipients are prescribed, are recognized when eligibility occurs;
  - transfers under shared cost agreements, which are reimbursements of eligible expenditures, are recognized when the expenditures occur.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are not recognized and are disclosed in Schedule 8 and allocated to programs in Schedule 9.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Ministry are limited to cash and financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Inventories consist of consumables (i.e. salt, sand and gravel) for the delivery of highway transportation programs and are valued at lower of cost or replacement cost.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) Basis of Financial Reporting (continued)

Donated tangible capital assets are recorded at their fair value at the time of contribution.

Amortization is only charged if the tangible capital asset is in use.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Public Private Partnership (P3)

A Public Private Partnership (P3) is defined as a cooperative venture based on contractual obligations between one or more public/private/not-for-profit partners that meet clearly defined public needs for the provision of goods or services.

The Ministry accounts for P3 projects in accordance with the substance of the underlying agreements. Agreements that transfer substantially all the risks and rewards of ownership of the assets are classified as capital leases and are accounted for as follows:

- The capital asset value and the corresponding liabilities are recorded at the net present value (NPV) of the minimum lease payments discounted using the Government of Alberta's borrowing rate for long term debt.
- During construction, the capital asset (classified as work in progress) and the corresponding liability are recorded based on the estimated percentage complete.
- Amortization on a straight-line basis over the estimated useful life commences when the asset is in service.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Ministry operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) Basis of Financial Reporting (continued)

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accounts receivable, advances, accounts payable, accrued liabilities, and holdbacks are estimated to approximate their carrying values because of the short term nature of these instruments.

Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

Site Remediation and Reclamation

Liabilities for Future Site Remediation and Reclamation recorded as $3,963 (2011 - $4,510) in these financial statements are subject to measurement uncertainty. The Ministry has compiled a list of all potential sites and reviews the list at least annually. The site remediation and reclamation liability is recorded when the sites are no longer in operation and where remediation is legally enforceable.

The recorded amount is based on management's estimates and historical costs to remediate or reclaim sites as well as expected expenditures on future reclamation activity. Actual costs may vary from these estimates and the variances may be material.

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 GOVERNMENT REORGANIZATION/LOTTERY FUND INITIATIVES
(in thousands)

During the year, The Ministry restated the financial statements previously presented for the effects of changes resulting from government reorganization and a change in method of funding lottery fund initiatives. The financial impact of these changes on net assets is explained further below.

(a) Government Reorganization

The Ministry of Transportation was established as a result of restructuring of government ministries announced on October 12, 2011 and other transfer of responsibilities to and from other departments. Comparatives for 2011 have been restated as if the Ministry had always been assigned with its current responsibilities. Net assets on March 31, 2010 are made up as follows:

Net assets as previously reported	$ 11,164,900
Transfer from the Ministry of Solicitor General and Public Security	1,208
Net assets at March 31, 2010	$ 11,166,108

(b) Lottery fund initiatives

The method of funding the eligible initiatives from the lottery and gaming proceeds was changed during the year. Previously, they were funded directly from the Lottery Fund and were included in the Ministry's revenues ($184,208). However, such proceeds are now deposited into the General Revenue Fund to finance the eligible initiatives. Financial statements for prior years have been restated as if the current arrangement had always existed. Schedule 6 provides a comparison of estimates and actual expenses for Lottery Fund initiatives.

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 ACCOUNTS RECEIVABLE
(in thousands)

	2012			2011
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Transfers from Government of Canada	$ 209,378	$ -	$ 209,378	$ 456,334
Contributions	5,499	93	5,406	1,826
Rental and Other	1,028	-	1,028	635
Refunds from Suppliers	-	-	-	427
Fees, Permits and Licenses	2,781	41	2,740	2,727
Cost Recoveries	4,235	3	4,232	4,312
	$ 222,921	$ 137	$ 222,784	$ 466,261

Accounts receivable are unsecured and non-interest bearing.

NOTE 5 TANGIBLE ASSETS HELD FOR TRANSFER
(in thousands)

Dams and water management structures are constructed by the Ministry and transferred to the Ministry of Environment and Water upon their completion. The Ministry of Transportation does not amortize these assets.

	2012 Historical Cost			
	Beginning of Year	Additions	Transfers, Adjustments, and Write-downs	End of Year
Dams and water management structures	$ 154,160	$ 22,837	$ (2,381)	$ 174,616
2011 Total	$ 132,820	$ 22,960	$ (1,620)	$ 154,160

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 TANGIBLE CAPITAL ASSETS
(in thousands)

The cost of assets and the related accumulated amortization for the Ministry are summarized below.

		2012 Historical Cost [1]			
	Estimated Useful Life	Beginning of Year	Additions	Disposals, Adjustments, and Write-downs	End of Year
Land	Indefinite	$ 637,574	$ 118,602	$ (1,030)	$ 755,146
Buildings	40 years	6,199	-	-	6,199
Equipment	5-40 years	7,538	25	(12)	7,551
Computer hardware and software	3-10 years	108,831	9,622	-	118,453
Provincial highways and roads [2]	20-50 years	15,013,111	1,228,256	1,434	16,242,801
Bridges	50 years	1,686,781	121,697	(1,284)	1,807,194
Other [3]	3-40 years	39,178	3,809	5	42,992
		$ 17,499,212	$ 1,482,011	$ (887)	$ 18,980,336
2011 Total		$ 15,989,677	$ 1,490,126	$ 19,409	$ 17,499,212

	2012 Accumulated Amortization				Net Book Value	
	Beginning of Year	Amortization Expense	Effect of Disposals	End of Year	March 31, 2012	March 31, 2011
Land	$ -	$ -	$ -	$ -	$ 755,146	$ 637,574
Buildings	3,906	158	-	4,064	2,135	2,293
Equipment	3,331	314	-	3,645	3,906	4,207
Computer hardware and software	75,951	11,124	-	87,075	31,378	32,880
Provincial highways and roads [2]	3,680,081	319,812	-	3,999,893	12,242,908	11,333,030
Bridges	389,028	38,137	-	427,165	1,380,029	1,297,753
Other [3]	14,913	2,012	-	16,925	26,067	24,265
	$ 4,167,210	$ 371,557	$ -	$ 4,538,767	$ 14,441,569	$ 13,332,002
2011 Total	$ 3,833,073	$ 334,137	$ -	$ 4,167,210		

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 TANGIBLE CAPITAL ASSETS (continued)
(in thousands)

(1) Included in the cost of land improvements, buildings, equipment, computer hardware and software, provincial highways and roads, and bridges is work in progress amounting to $736,378 (2011 - $1,688,568).
(2) Highways include original pavement and repaving overlays that represent improvements, roadbed, drainage works, and traffic control devices. Includes $1,420,773 historical cost (2011 - $1,252,293) and $45,547 accumulated amortization (2011 - $28,782) in alternatively financed capital assets. The additions to work in progress related to new highway construction under Public Private Partnerships (P3) is $210,756 (2011 - $431,805) See Note 8.
(3) Includes trailers, leasehold improvements, and vehicle inspection stations.

(a) Acquisition of highways and bridges in the City of Calgary
Under an agreement between the City of Calgary and the Province, the City of Calgary transferred the title, control and management of the existing structures of a portion of the Stoney Trail South East Ring Road to the Province in 2010-11. The Ministry recorded the acquisition of the highways and bridges as an increase in net assets. The Ministry recorded the assets at their net book value, in the amount of $22,463.

NOTE 7 FEDERAL SUPPORT FOR INFRASTRUCTURE
(in thousands)

The Ministry receives support for infrastructure from the Government of Canada through the following federal programs: Federal Gas Tax Fund, Canada Strategic Infrastructure Fund (CSIF), Public Transit Fund, Provincial Base Fund, Building Canada Fund, and Infrastructure Stimulus Fund. Transfers from the Federal Government are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria, if any, are met, and a reasonable estimate of the amounts can be made. The full cost of provincial projects will be capitalized and amortized over the useful life of the infrastructure. The summary of each federal initiative is as follows:

Federal Gas Tax Fund
In 2005-06, the Federal Government announced the New Deal for Cities and Communities. Under this program, the Federal Government will contribute $476,907 in funding to the Ministry over a five year period for Municipal Infrastructure ending in 2009-10. Subsequently, this program was renamed to Federal Gas Tax Fund and was extended for four years ending 2013-14 with $798,012 in additional funding. The total funding under this program will be $1,274,919. The program provides financial assistance for sustainable capital municipal infrastructure in support of cleaner air and water, and the reduction of greenhouse gases.

Canada Strategic Infrastructure Fund
The Canada Strategic Infrastructure Fund (CSIF) is a program whereby the Federal Government contributes funding to large scale infrastructure projects across the country. In 2011-12, there is one project that the Ministry is receiving funding for under CSIF - Highway 63 twinning of approximately 100 kilometers of road to Fort McMurray (up to $150,000 over 7 years beginning in 2009-10). Two completed projects that the Ministry had received funding for are Anthony Henday South East Edmonton Ring Road ($75,000 over 3 years beginning in 2005-06) and Stoney Trail North West Calgary Ring Road ($75,000 over 4 years beginning in 2005-06).

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 FEDERAL SUPPORT FOR INFRASTRUCTURE (continued)

(in thousands)

Public Transit Fund
The Public Transit Fund is a program whereby the Federal Government supported capital investment projects in public transit infrastructure that were jointly identified by the Government of Canada and those municipalities with public transit.

Provincial Base Fund
The Provincial Base Fund is a program whereby the Federal Government contributes funding to the provinces to repair bridges, local roads and secondary highways from 2009 to 2014.

Building Canada Fund
In 2008-09, the Federal Government announced the Building Canada Fund that is comprised of two programs: the Major Infrastructure Component and the Communities Component. The Major Infrastructure Component will focus on large, strategic projects of national and regional priority. This program requires a matching provincial contribution.

The Communities Component will focus on smaller-scale projects in communities with a population of less than 100,000. This program requires matching contribution from the province and municipalities. In 2009-10, the Federal Government committed to additional projects as a top-up to the Communities Component program.

Infrastructure Stimulus Fund
In 2009-10, the Federal Government established the Infrastructure Stimulus Fund to focus on rehabilitation work needed to maintain the safety and extend the useful life of existing infrastructure while stimulating economic growth in the short term. Funding is only available for projects that will be substantially complete by October 31, 2011. This program requires matching contribution from the province and municipalities.

Revenue and Accounts Receivable recorded under Federal Support for Infrastructure are as follows:

	2012		2011	
	Revenue	Receivable	Revenue	Receivable
Federal Gas Tax Fund	$ 199,214	$ 96,739	$ 198,736	$ 292,161
Canada Strategic Infrastructure Fund	10,063	37,193	19,041	27,130
Public Transit Fund	-	-	1,088	-
Provincial Base Fund	71,252	-	2,362	-
Building Canada Fund: Major Infrastructure Component	67,634	49,667	73,379	74,024
Building Canada Fund: Communities Component and Top Up	30,708	9,310	58,986	13,827
Infrastructure Stimulus Fund	36,657	15,952	222,686	48,255
	$ 415,528	**$ 208,861**	**$ 576,278**	**$ 455,397**

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS
(in thousands)

The Ministry has entered into contracts for the design, finance, build and maintenance of the following public private partnerships: Anthony Henday - South East Edmonton Ring Road, Stoney Trail - North East Calgary Ring Road, Anthony Henday - North West Edmonton Ring Road and Stoney Trail – South East Calgary Ring Road.

The details of the 33 year contract for this project that is under construction are as follows:

Project	Contractor	Date contract entered into	Scheduled completion date	Date capital payments begin[(a)]
Stoney Trail - South East Calgary Ring Road	CHINOOK ROADS PARTNERSHIP (a consortium of companies)	March 2010	September 2013	October 2013

(a) Capital payments begin on the date specified or upon completion of the project, whichever is later.

The details of the contracts for those projects already operational are as follows:

Project	Contractor	Date contract entered into	Completion date	Date capital payments began
Anthony Henday - South East Edmonton Ring Road	Access Roads Edmonton Ltd. (a consortium of companies)	January 2005	October 2007	November 2007
Stoney Trail - North East Calgary Ring Road	Stoney Trail Group (a consortium of companies)	February 2007	October 2009	November 2009
Anthony Henday - North West Edmonton Ring Road	NORTHWESTCONNECT GENERAL PARTNERSHIP (a consortium of companies)	July 2008	October 2011	November 2011

The calculation of the liabilities under public private partnerships is as follows:

	2012 Total	2011 Total
Liabilities, beginning of year	$ 1,230,065	$ 991,468
Additions to liabilities during the year	168,480	246,888
Principal payments	(13,519)	(8,291)
Liabilities, end of year	$ 1,385,026	$ 1,230,065

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 CONTRACTUAL OBLIGATIONS
(in thousands)

Contractual obligations are obligations of the Ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2012	2011
Capital Investment		
Construction Contracts and Service Agreements	$ 1,082,924	$ 907,216
Expense		
Maintenance Contracts and Service Agreements	745,389	779,704
Grants	1,191,471	754,061
Long-term Leases	-	-
Obligations under public private partnerships		
Operation and maintenance payments	1,473,778	1,498,850
Progress Payments	207,932	394,663
Capital Payments	2,817,787	2,871,826
	$ 7,519,281	$ 7,206,320

Estimated payment requirements for each of the next five years and thereafter as follows:

Obligations Under Operating Leases, Contracts and Programs

	Capital Investment	Expense			
	Construction Contracts and Service Agreements	Maintenance Contracts and Service Agreements	Grants	Long-term Leases	Total
2012-13	$ 854,211	$ 206,109	$ 1,191,471	$ -	$ 2,251,791
2013-14	166,913	170,436	-	-	337,349
2014-15	37,652	120,380	-	-	158,032
2015-16	11,131	57,309	-	-	68,440
2016-17	5,864	34,559	-	-	40,423
Thereafter	7,153	156,596	-	-	163,749
	$ 1,082,924	$ 745,389	$ 1,191,471	$ -	$ 3,019,784

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 CONTRACTUAL OBLIGATIONS (continued)
(in thousands)

Obligations under Capital Leases and Public Private Partnerships

	Operations and Maintenance Payments	Progress Payments	Capital Payments
2012-13	$ 32,322	$ 158,711	$ 83,354
2013-14	36,867	49,221	91,109
2014-15	40,842	-	98,865
2015-16	41,027	-	98,865
2016-17	41,536	-	98,865
Thereafter	1,281,184	-	2,346,729
	$ 1,473,778	$ 207,932	2,817,787
Less amount representing interest			(1,315,732)
Total NPV of capital payments at scheduled completion date			$ 1,502,055

NOTE 10 CONTINGENT LIABILITIES
(in thousands)

At March 31, 2012, the Ministry is a defendant in one hundred and thirty-seven legal/cther claims (2011 – one hundred and thirty-two claims). One hundred and eleven of these claims have specified amounts totaling $5,219,843 and the remaining twenty-six have no specified amounts (2011 – One hundred and six claims with a specified amount of $5,403,277and twenty-six with no specified amount). Included in the total legal claims are seven claims in which the Ministry has been jointly named with other entities, five of which have specified claims amounting to $5,014,943 (2011 – seven claims amounting to $5,208,943). Thirty-six claims amounting to $42,926 (2011 – Thirty-five claims amounting to $19,372) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 TRUST FUNDS UNDER ADMINISTRATION
(in thousands)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

At March 31, 2012 trust funds under the Ministry's administration were as follows:

	2012	2011
Impaired Driving Initiatives Trust Fund	$ 467	$ 416
	$ 467	$ 416

The Impaired Driving Initiatives Trust Fund holds fines from individuals convicted of impaired driving. Trust funds are used for education programs.

NOTE 12 PAYMENTS UNDER AGREEMENT
(in thousands)

The Ministry has entered into agreements to deliver programs and services that are partly funded by the Government of Canada, the Kananaskis Improvement District and private companies. Costs incurred under these agreements are made by the Ministry under authority in Section 25 of the *Financial Administration Act*.

Amounts paid and payable under agreements with program sponsors are as follows:

	2012	2011
Kananaskis Improvement District (program sponsor) Roadway maintenance	$ 73	$ 73
	$ 73	$ 73

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 BENEFIT PLANS
(in thousands)

The Ministry participates in the multi-employer pension plans: Management Employee Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense of these pension plans is equivalent to the annual contributions of $6,969 for the year ended March 31, 2012 (2011 - $6,536 as restated). Ministries are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2011, the Management Employees Pension Plan reported a deficiency of $517,726 (2010 - deficiency $397,087) and the Public Service Pension Plan reported a deficiency of $1,790,383 (2010 - deficiency $2,067,151). At December 31, 2011, the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $53,489 (2010 - deficiency $39,559).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2012, the Bargaining Unit Plan reported an actuarial surplus of $9,136 (2011 - deficiency $4,141) and the Management, Opted Out and Excluded Plan an actuarial surplus of $10,454 (2011 - surplus $7,020). The expense for these two plans is limited to the employer's annual contribution for the year.

NOTE 14 SUBSEQUENT EVENTS

On May 8, 2012 the Ministry signed a $1.81 Billion public private partnership agreement to design, build, finance and maintain the Northeast Anthony Henday Drive in Edmonton. The road is owned by the Ministry and is scheduled to be open to traffic in the fall of 2016.

NOTE 15 COMPARATIVE FIGURES

Certain 2011 figures have been reclassified to conform to the 2012 presentation.

NOTE 16 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

MINISTRY OF TRANSPORTATION **Schedule 1**
SCHEDULE TO FINANCIAL STATEMENTS
Revenues
Year ended March 31, 2012

	2012		2011
	Budget	Actual	Actual
		(in thousands)	*(Restated Note 3)*
Transfers from Government of Canada			
Cost Recoveries and Contributions	$ 399,103	$ 417,481	$ 577,215
Fees, Permits and Licenses			
Motor Transport Services & Other Premiums	16,340	25,476	21,750
Other Revenue			
Investment Income (Loss)	-	(1)	5
Refunds of Expenditure	1,475	4,726	6,488
Tourism Highway Signage Initiative	1,500	705	587
Cost Recoveries	-	5,328	5,529
Contributions	4,320	19,193	24,850
Donated Tangible Capital Assets	-	78	13,913
Gain from disposals of tangible capial assets	-	202	783
Miscellaneous	645	5,369	5,667
	7,940	35,600	57,822
Total Revenues	$ 423,383	$ 478,557	$ 656,787

MINISTRY OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
Credit or Recovery
Year ended March 31, 2012

Schedule 2

	2012		
	Authorized	**Actual**	**(Shortfall)/ Excess**
	(in thousands)		
Expense			
Motor Transport Permits and Licences	$ 3,300	$ 3,300	$ -
Canada-Alberta Municipal Rural Infrastructure Fund	250	38	(212)
Natural Resources Canada	100	97	(3)
National Safety Code	420	420	-
Bridge Maintenance	20	20	-
	4,090	3,875	(215) (1)
Capital Investment			
Provincial Highway Systems	21,719	19,987	(1,732)
Water Management Infrastructure	450	-	(450)
Tourism Highway Signage Initiative	1,500	705	(795)
	$ 23,669	$ 20,692	$ (2,977) (1)

(1) Shortfall is deducted from current year's authorized budget, as disclosed in Schedules 4 and 5 to the financial statements.

Motor Transport Permits and Licences
A portion of the revenue for Motor Transport Permits and Licenses has been allocated to credit or recovery. This revenue partially offsets expenditures made to accommodate Alberta's increasing traffic volumes.

Canada-Alberta Municipal Rural Infrastructure Fund
The Canada-Alberta Municipal Rural Infrastructure Fund is a joint project with the Federal Government and Municipalities. The Federal Government is reimbursing for the administrative costs of this project.

Natural Resources Canada
An agreement between Natural Resources Canada, Statistics Canada and Alberta Transportation to assist jurisdictions to integrate their data into a roads database.

National Safety Code
The Federal Government provides financial support to the provincial and territorial jurisdictions to achieve consistent implementation and maintenance of the Safety Fitness Framework and the NSC Standards. The Federal Government has agreed to pay $420 per year for 6 years beginning in 2009-10 and terminating in 2014-15.

Bridge Maintenance
Canadian Forest Products Ltd. is contributing to the maintenance of the Dunvegan Bridge by providing $200 of funding over 10 years beginning in 2007-2008. In addition a one time payment of $905 was received from the private sector for the maintenance of an interchange.

Provincial Highway Systems
The private sector and municipalities are contributing to the capital investment in new roads, bridges, interchanges and Vehicle Inspection Station equipment in the province.

Water Management Infrastructure
A non-profit organization is contributing to the construction of a dam at the Calgary Bow River over 4 years starting in 2008-09. In addition a one time payment of $475 was received from a regional services commission for the relocation of water pipe lines.

Tourism Highway Signage Initiative
The private sector is contributing to the capital investment in new tourism highway-sign structures in the province.

The above credits or recoveries are included in the Statement of Operations.

MINISTRY OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
Expenses - Directly Incurred Detailed by Object
Year ended March 31, 2012

Schedule 3

	2012		2011
	Budget	Actual	Actual
		(in thousands)	*(Restated Note 3)*
Salaries, Wages and Employee Benefits	$ 64,002	$ 59,205	$ 57,843
Supplies and Services	430,027	393,555	371,100
Grants	1,046,043	1,119,855	1,076,300
Financial Transactions and Other	40,631	40,869	23,639
Amortization of Tangible Capital Assets and Consumption of Inventory	411,383	409,653	375,580
	$ 1,992,086	$ 2,023,137	$ 1,904,462

MINISTRY OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
Budget
Year ended March 31, 2012

Schedule 4

	2011-12 Estimates	Adjustment (a)	2011-12 Budget	Authorized Supplementary (b)	2011-12 Authorized Budget
			(in thousands)		
Revenues					
Transfers from Government of Canada	$ 399,103	$ -	$ 399,103	$ -	$ 399,103
Fees, Permits and Licenses	16,340	-	16,340	-	16,340
Investment Income	-	-	-	-	-
Other Revenue	7,940	-	7,940	-	7,940
	423,383	-	423,383	-	423,383
Expenses - Directly Incurred					
Programs					
Ministry Support Services	27,267	-	27,267	-	27,267
Provincial Highway Systems and Safety	844,816	16,420	861,236	-	861,236
Municipal Support Programs	1,045,940	1,690	1,047,630	43,418	1,091,048
Other Programs and Services	33,542	1,100	34,642	-	34,642
Debt Servicing Costs	40,521	-	40,521	-	40,521
Credit or Recovery Shortfall (Schedule 2)	-	(215)	(215)	-	(215)
	1,992,086	18,995	2,011,081	43,418	2,054,499
Net Operating Results	$ (1,568,703)	$ (18,995)	$ (1,587,698)	$ (43,418)	$ (1,631,116)
Equipment/Inventory Purchases	$ 35,009	$ -	$ 35,009	$ 15,000	$ 50,009
Capital Investment	$ 1,630,265	$ 144,713	$ 1,774,978	$ 4,200	$ 1,779,178
Credit or Recovery Shortfall (Schedule 2)	-	(2,977)	(2,977)	-	(2,977)
	$ 1,665,274	$ 141,736	$ 1,807,010	$ 19,200	$ 1,826,210
Non-Budgetary Disbursements	$ 13,519	$ -	$ 13,519	$ -	$ 13,519

(a) Adjustments include encumbrances, credit or recovery increases approved by Treasury Board and Enterprise and credit or recovery shortfalls. In the event that actual Voted Expense and Capital Investment in the prior year exceeds the authorized spending the difference is known as an encumbrance. The encumbrance reduces the budgeted amount voted in the current year. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

(b) Supplementary Estimates were approved on December 1, 2011 (Capital Investment) and March 5, 2012 (Expense).

MINISTRY OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
Comparison of Directly Incurred Expense, Capital Invsestment and Non- Budgetary Disbursements by Element to Authorized Spending
Year ended March 31, 2012

Schedule 5

		2011-12								
		Estimates	Adjustments (a)	Budget	Authorized Supplementary (b)	Authorized Budget	Amounts Not Required to Be Voted (c)	Authorized Spending	Actual Expense (d)	Unexpended (Over Expended)
						(in thousands)				
Expense and Capital Investments										
1	**Ministry Support Services**									
1.0.1	Minister's Office	$ 544	$ -	$ 544	$ -	$ 544	$ -	$ 544	$ 509	$ 35
1.0.2	Deputy Minister's Office	636	-	636	-	636	-	636	783	(147)
1.0.3	Communications	757	-	757	-	757	-	757	703	54
1.0.4	Strategic Services									
	- Expense	25,330	-	25,330	-	25,330	-	25,330	25,037	293
	- Equipment Purchases	10,009	-	10,009	-	10,009	-	10,009	9,621	388
Total Program 1		37,276	-	37,276	-	37,276	-	37,276	36,653	623
2	**Provincial Highway Systems and Safety**									
2.0.1	Provincial Highway Maintenance									
	- Expense	348,076	15,000	363,076	-	363,076	40,000	323,076	279,671	43,405
	- Inventory Purchases	25,000	-	25,000	15,000	40,000	-	40,000	43,174	(3,174)
2.0.2	Provincial Highway Preservation									-
	- Expense	45,823	-	45,823	-	45,823	-	45,823	61,007	(15,184)
2.0.3	Provincial Highway Systems									-
	- Expense	422,695	-	422,695	-	422,695	386,383	36,312	31,206	5,106
	- Capital Investment	353,401	47,846	401,247	-	401,247	4,366	396,881	342,344	54,537
2.0.4	Transportation Safety Services	26,958	1,420	28,378	-	28,378	-	28,378	27,021	1,357
2.0.5	Transportation Safety Board	1,264	-	1,264	-	1,264	-	1,264	1,312	(48)
2.0.6	Strategic Economic Corridor Investment Initiative									-
	- Debt Servicing Costs	40,521	-	40,521	-	40,521	-	40,521	40,531	(10)
	- Capital Investment	1,003,658	80,727	1,084,385	(2,200)	1,082,185	167,704	914,481	682,292	232,189
	- Expense	-	-	-	-	-	-	-	-	-
2.0.7	Provincial Highway Rehabilitation									-
	- Capital Investment	183,600	10,675	194,275	-	194,275	-	194,275	235,981	(41,706)
Total Program 2		2,450,996	155,668	2,606,664	12,800	2,619,464	598,453	2,021,011	1,744,539	276,472
3	**Municipal Support**									
3.0.1	Alberta Municipal Infrastructure Program	-	-	-	-	-	-	-	10,164	(10,164)
3.0.2	Basic Municipal Transportation Grant	304,057	-	304,057	(30,582)	273,475	-	273,475	293,283	(19,808)
3.0.3	Strategic Transportation Infrastructure Program	86,820	-	86,820	14,000	100,820	-	100,820	88,264	12,556
3.0.4	Municipal Water Wastewater Program/Water for Life	257,560	1,690	259,250	-	259,250	-	259,250	253,305	5,945
3.0.5	Green Transit Incentives Program (GreenTRIP)	120,000	-	120,000	80,000	200,000	-	200,000	199,889	111
3.0.6	Federal Public Transit Trust	-	-	-	-	-	-	-	-	-
3.0.7	Building Canada-Gas Tax Fund	199,503	-	199,503	-	199,503	-	199,503	199,214	289
3.0.8	Building Canada-Communities Component	57,000	-	57,000	-	57,000	-	57,000	61,415	(4,415)
3.0.9	Building Canada-Major Infrastructure Component	20,000	-	20,000	(20,000)	-	-	-	-	-
3.0.10	Infrastructure Stimulus Fund	-	-	-	-	-	-	-	6,796	(6,796)
3.0.11	Canada-Alberta Municipal Rural Infrastructure Fund	1,000	-	1,000	-	1,000	-	1,000	5,883	(4,883)
Total Program 3		1,045,940	1,690	1,047,630	43,418	1,091,048	-	1,091,048	1,118,213	(27,165)

MINISTRY OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
Comparison of Directly incurred Expense, Capital Invsestment and Non- Budgetary Disbursements by Element to Authorized Spending
Year ended March 31, 2012

Schedule 5
(continued)

	2011-12								
	Estimates	Adjustments (a)	Budget	Authorized Supplementary (b)	Authorized Budget	Amounts Not Required to Be Voted (c)	Authorized Spending	Actual Expense (d)	Unexpended (Over Expended)
				(in thousands)					
4 Other Programs And Services									
4.0.1 Capital for Emergent Projects									
- Expense	-	1,000	1,000	-	1,000	-	1,000	1,121	(121)
- Capital Investment	75,000	1,931	76,931	-	76,931	-	76,931	37,663	39,268
4.0.2 Program Services							-		-
- Operating Expense	33,542	100	33,642	-	33,642	-	33,642	26,136	7,506
- Equipment Purchases	-	-	-	-	-	-	-	25	(25)
4.0.3 Water Management Infrastructure									
- Capital Investment	14,606	3,534	18,140	6,400	24,540	-	24,540	21,770	2,770
Total Program 4	123,148	6,565	129,713	6,400	136,113	-	136,113	86,715	49,398
Credit or Recovery Shortfall (Schedule 2)									
Operating Expense	-	(215)	(215)	-	(215)	-	(215)	-	(215)
Capital Investment	-	(2,977)	(2,977)	-	(2,977)	-	(2,977)	-	(2,977)
Grand Total	$ 3,657,360	$ 160,731	$ 3,818,091	$ 62,618	$ 3,880,709	$ 598,453	$ 3,282,256	$ 2,986,120	$ 296,136
Expense	$ 1,951,565	$ 18,995	$ 1,970,560	$ 43,418	$ 2,013,978	$ 426,383	$ 1,587,595	$ 1,572,719	$ 14,876
Debt Servicing Costs	40,521	-	40,521	-	40,521	-	40,521	40,531	(10)
	1,992,086	18,995	2,011,081	43,418	2,054,499	426,383	1,628,116	1,613,250	14,866
Equipment/Inventory Purchases	35,009	-	35,009	15,000	50,009	-	50,009	52,820	(2,811)
Capital Investment	1,630,265	141,736	1,772,001	4,200	1,776,201	172,070	1,604,131	1,320,050	284,081
	1,665,274	141,736	1,807,010	19,200	1,826,210	172,070	1,654,140	1,372,870	281,270
	$ 3,657,360	$ 160,731	$ 3,818,091	$ 62,618	$ 3,880,709	$ 598,453	$ 3,282,256	$ 2,986,120	$ 296,136
Non-Budgetary Disbursements									
Provincial Highway Systems and Safety									
2.0.7 Strategic Economic Corridor Investment Initiative	$ 13,519	$ -	$ 13,519	$ -	$ 13,519	$ -	$ 13,519	$ 13,519	$ -
	$ 13,519	$ -	$ 13,519	$ -	$ 13,519	$ -	$ 13,519	$ 13,519	$ -

(a) Adjustments include encumbrances, credit or recovery increases approved by Treasury Board and credit or recovery shorfalls. In the event that actual Voted Expense and Capital Investment in the prior year exceeded the authorized spending, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount for Voted Expense and Capital Investment in the current year. Treasury Board and Enterprise approval is pursuant to section 24(2) of the Financial Administration Act.

(b) Supplementary Estimates were approved on December 1, 2011 (Capital Investment) and March 5, 2012 (Expense).

(c) Estimates amounts which do not require cash are no longer included in any supply vote. Non-cash amounts include amortization expense, inventory consumption, valuation adjustments, tangible capital assets acquired through alternative financing agreement, and aquisition of capital assets by donations and contributions.

(d) Expenses incurred per Statement of Operations, exluding any non-cash items.

MINISTRY OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
Lottery Fund Estimates
Year ended March 31, 2012

Schedule 6

	2011-12 Lottery Fund Estimates	2011-12 Actual	Unexpended *(Over Expended)*
		(in thousands)	
Provincial Highway Preservation	$ 30,000	$ 30,000	$ -
Basic Municipal Transportation Grant	79,194	79,194	-
Strategic Transportation Infrastructure Program	11,799	11,799	-
Municipal Water Wastewater Program/water for life	134,199	134,199	-
	$ 255,192	$ 255,192	$ -

The revenue of the Lottery Fund is transferred to the Department of Finance on behalf of the General Revenue Fund. Having been transferred to the General Revenue Fund, these monies then become part of the Department's supply vote. This table shows details of the initiatives within the Ministry that are funded by the Lottery Fund and compares it to the actual results.

MINISTRY OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
Salary and Benefits Disclosure
As at March 31, 2012

Schedule 7

	2012				2011
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Deputy Minister [4] [5]	$265,182	$ 79,906	$ 40,001	$385,089	$ 275,944
Chair, Transportation Safety Board	160,120	19,921	6,209	186,250	158,672
Assistant Deputy Ministers					
Transportation Safety Services	185,472	22,227	50,975	258,673	242,647
Transportation and Civil Engineering [6]	168,288	1,250	46,188	215,726	214,105
Policy and Corporate Services [7]	185,472	1,250	51,257	237,979	214,518
Executive Directors					
Finance [8]	151,836	1,250	40,245	193,331	190,692
Human Resources [7]	138,873	1,250	35,741	175,864	177,656

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Base salary includes pensionable base pay.
(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2012.
(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.
(4) Automobile provided, no dollar amount included in other non-cash benefits.
(5) The incumbent was appointed to this position in October 2011.
(6) A management employee was acting in this position in March 2012.
(7) The incumbent's services are shared with the Ministry of Infrastructure which contributes its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this Schedule.
(8) The incumbent was appointed to this position in February 2012.

MINISTRY OF TRANSPORTATION **Schedule 8**
SCHEDULE TO FINANCIAL STATEMENTS
Related Party Transactions
Year ended March 31, 2012
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2012	2011
Expenses - Directly Incurred		
Business and Technology Services	$ 2,849	$ 2,604
SUCH[1] Sector Entities	514	2,378
Parking	5	5
Insurance	449	445
Air Maps and Photos	14	7
	$ 3,831	$ 5,439
Accounts Payable	$ -	$ 1,547
Net Tangible Capital Assets Transferred	$ 2,814	$ 2,945

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These expense amounts are not recorded in the financial statements but are disclosed in Schedule 9.

	Other Entities	
	2012	2011
Revenue		
Road/Bridge Maintenance	$ 7,107	$ 6,824
Expenses - Incurred by Others (Schedule 9)		
Accommodation	$ 8,112	$ 8,013
Air Transportation/Executive Vehicles	134	64
Business Services	5,099	4,558
Legal Services	1,105	692
	$ 14,450	$ 13,327

[1] SUCH - Schools, Universities, Colleges and Hospitals

MINISTRY OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
Allocated costs
Year ended March 31, 2012
(in thousands)

Schedule 9

	2012					2011
		Expenses - Incurred by Others				
Program	**Expenses (1)**	**Accommodation Costs (2)**	**Business Services (3)**	**Legal Services (4)**	**Total Expenses**	**Total Expenses**
						(Restated Note 3)
Ministry Support Services	$ 26,972	$ 1,269	$ 5,233	$ 226	$ 33,700	$ 30,841
Provincial Highway Systems and Safety	809,600	1,928	-	879	$ 812,407	756,104
Municipal Support Programs	1,118,224	10	-	-	$ 1,118,234	1,071,866
Other Programs and Services	27,810	4,905	-	-	$ 32,715	34,168
Debt Servicing Costs	40,531	-	-	-	$ 40,531	24,810
	$ 2,023,137	$ 8,112	$ 5,233	$ 1,105	$ 2,037,587	$ 1,917,789

(1) Expenses - Directly Incurred as per Statement of Operations.
(2) Cost shown for Accommodation (includes grants in lieu of taxes) on Schedule 8, allocated by number of employees in program.
(3) Costs shown for Business Services include charges for financial and information technology support, internal audit and vehicles and air transportation.
(4) Cost shown for Legal Services on Schedule 8, allocated by estimated costs incurred by each program.

OTHER INFORMATION

APPENDIX A - PERFORMANCE MEASURES METHODOLOGY

Measure 1.a – Physical Condition of Provincial Highways

The identification of highways as *good, fair,* or *poor* relies on standards established as a result of the University of Calgary's comprehensive research study on road conditions and other performance measures conducted for the Ministry in 2002.

The study's recommendations resulted in the establishment of condition trigger values. Condition trigger values are defined as the boundary between categories of good-fair and fair-poor, and are set using a proactive life cycle analysis approach. The values are categorized by highway classification and are compiled into one-kilometre segments.

Alberta Transportation Standards

Condition	110km/h Highway Group	Other Highway Group
Good	Average IRI <1.5m/km	Average IRI <1.5m/km
Fair	≥1.5m/km Average IRI <1.9m/km	≥1.5m/km Average IRI <2.1m/km
Poor	≥1.9m/km Average IRI	≥2.1m/km Average IRI

After existing good, fair, poor segments are identified, anticipated work activities and pavement deterioration rates are used to determine future performance targets.

The IRI rating for all highways is obtained through data collected annually by consultants for the Ministry.

By using laser-based equipment, the consultant records and determines the average IRI value over every 50-metre segment of the Alberta highway network. This detailed data is further averaged over one-kilometre sections to provide an assessment of condition over practical lengths.

Measure 2.a – Combined fatal and major injury collision rates per 100,000 population

Data for this measure was taken from the Ministry's Alberta Collision Information System (ACIS). The results for the measure are based on a calendar year. Collisions include those that result in the death of a person within 30 days of the collision or in a major injury (persons with injuries or complaint of pain that went to the hospital and were subsequently admitted even if for observation only) to at least one person involved in the collision.

Data is compiled from collision reports completed by the attending law enforcement officer where the collision resulted in death or major injury to at least one person. The final collision rate reported is based on a rolling three-year average. The following calculation is used to determine the individual collision rate for each year: Number of Combined Fatal and Major Injury Collisions ÷ Population × 100,000. Each year rates are then averaged to represent a rolling three year average using the following calculation:

$$\frac{\text{(Year One Rate per 100,000 Population + Year Two Rate per 100,000 Population + Year Three Rate per 100,000 Population)}}{3}$$

Measure 3.a *– Client Satisfaction Survey – Municipal Quality of Service*

The client satisfaction survey is conducted every second year to measure the satisfaction of municipal partners with the Ministry's service for municipal grant programs.

An external consultant is contracted to conduct the survey to ensure the objectivity of results. Municipal clients are defined as organizations that have interacted with ministry staff regarding municipal grant programs during the survey calendar year, primarily from municipalities and towns.

Respondents are asked to rate on a scale of 1 to 6 (1 being very unsatisfied to 6 being very satisfied) their satisfaction with Municipal Grant Programs on the following eight key service areas:

- Clarity of written materials
- Ease of access to information
- Ease of access to services
- Consistency of services
- Timelines of service delivery
- Proficiency of staff
- Courtesy of staff
- Overall quality of services

Results reported include all those clients who indicated they were '4 – somewhat satisfied,' '5 – satisfied,' and '6 – very satisfied' with the service provided.

In 2009, there were a total of 185 surveys completed and returned for a response rate of 61 per cent. Twenty three municipal client contracts was excluded from the analysis due to incorrect information and/or surveys being returned as undeliverable.

Data analysis included cross-tabulation of quantitative data, whereby the frequency and percentage distribution of the results for each question were broken down based on client location and client sector. It also included coding of open-ended questions.

On average, the results are accurate within plus or minus 4.5 per cent, 19 times out of 20.

For a PDF of this annual report, visit the Government of Alberta website: www.transportation.alberta.ca/Content/Publications/production/AnnualReport2011-12.pdf

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